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D. An Arab League meeting in Cairo on 6 August to consider bringing the Cman situation before the UN Security Council ended inconclusively.

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1. Delegates have asked for new instructions for another meeting on 8 August.

25X1 2. The indecision probably reflects Arab fear of inability to get majority support in the Security Council.

25X1 III. Meanwhile, what appears to be the first significant oil discovery in the Sultan of Muscat's territory has been publicly announced by the American Cities Service Oil Company.

A. The discovery was made in Dhofar Province, where the company has a concession, over 400 miles southwest of the rebellion.

- B. The well site, in a structure measuring about 11 miles long by 5 miles wide, is about 35 miles inland, which would appear to be south of the frontier area which has been in dispute between Saudi Arabia and the Sultan of Muscat.
- C. Assessment of the reserves in the Dhofar concession area will require at least a year of further exploration.

There is good evidence, moreover, that the oil bearing structures
continue westward into the Eastern Aden Protectorate, and eastward
into other areas of the Sultanate. The British-dominated Iraq
Petroleum Company has the oil concession in these two areas.
American interest in IPC is 23.75 percent divided equally between
Standard Oil of New Jersey and Socony.

C. The new understanding of the region's geology, pointing to the
existence of large oil deposits, makes more
serious the existing boundary disputes and Soviet, Egyptian,
and Saudi-backed subversion against the British-protected
coastal states. This is all the more serious because of the
declining ability of British power to maintain stability in
these areas.

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